

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 25

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. \* SR 2024 - \* 004

Amendment No. (req. for Amendments \*)

Filing by National Securities Clearing Corporation

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010  
Section 806(e)(1) \*

Section 806(e)(2) \*

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934  
Section 3C(b)(2) \*

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

Decommission the DTCC Limit Monitoring Risk Management Tool

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* [Redacted] Last Name \* [Redacted]

Title \* [Redacted]

E-mail \* RuleFilingAdmin@dtcc.com

Telephone \* [Redacted] Fax [Redacted]

**Signature**

Pursuant to the requirements of the Securities Exchange of 1934, National Securities Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 05/16/2024

(Title \*)

By [Redacted]

[Redacted]

(Name \*)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Date: 2024.05.16  
14:40:06 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

**Form 19b-4 Information \***

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Narrative - Limit Monitoring - 2024-05

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

Exh 1A - Limit Monitoring - 2024-0516

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

Add Remove View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

Add Remove View

Exh 5 - Limit Monitoring - 2024-0516 F

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

## 1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> National Securities Clearing Corporation (“NSCC”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to modify the NSCC Rules & Procedures (“Rules”) to decommission a risk management tool called DTCC Limit Monitoring. The proposed modifications to the Rules are annexed hereto as Exhibit 5.<sup>3</sup>

(b) Not applicable.

(c) Not applicable.

## 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of NSCC at a meeting held on February 14, 2024.

## 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

### (a) Purpose

The purpose of the proposed rule change is to modify the Rules to decommission the DTCC Limit Monitoring risk management tool (“Limit Monitoring”). The proposed rule change is discussed in detail below.

### (i) Background

NSCC provides its Members with a risk management tool called DTCC Limit Monitoring, which enables Members to monitor trading activity on an intraday basis of their organizations and/or their correspondent firms through the review of post-trade data.<sup>4</sup> Limit Monitoring was implemented in 2014 in connection with industry-wide efforts to develop tools and strategies to mitigate and address the risks associated with increasingly complex, interconnected, and automated market technology (such risks include, but are not limited to, trade input errors, software or trading algorithm errors, and inadequate controls for automated

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Capitalized terms not defined herein shall have the meaning assigned to such terms in the Rules, available at <https://www.dtcc.com/legal/rules-and-procedures.aspx>.

<sup>4</sup> See Securities Exchange Act Release Nos. 71637 (Feb. 28, 2014), 79 FR 12708 (Mar. 6, 2014) (File No. SR-NSCC-2013-12) and 77990 (June 3, 2016), 81 FR 37229 (June 9, 2016) (File No. SR-NSCC-2016-001).

processes). Through Limit Monitoring, NSCC Members can establish pre-set limits for their organizations and/or their correspondent firms to monitor trading activity and review notifications that are delivered when these pre-set limits are being approached and when they are reached. Limit Monitoring was intended to supplement Members' existing internal risk management processes.<sup>5</sup> Any actions Members determine to take in response to Limit Monitoring alerts are the Member's responsibility and are taken away from NSCC. Limit Monitoring is primarily discussed in Rule 54 and Procedure XVII.<sup>6</sup>

(ii) Proposed Changes to the Rules

As discussed above, Limit Monitoring was created as part of a broader industry-wide effort to develop tools and strategies to mitigate and address trading risks. Since the implementation of Limit Monitoring in 2014, U.S. equity exchanges have also implemented risk controls to mitigate risks inherent with direct exchange transaction flow (such controls include, but are not limited to, credit limits, single order limits, and kill switch functionality).<sup>7</sup> These exchange risk controls are optional risk management tools made available to exchange members to assist them in monitoring and managing their risks. In addition, broker-dealers have continued to enhance their own internal risk management systems and processes to manage their trading risks.

NSCC currently makes Limit Monitoring available to all full-service Members to use on a voluntary basis.<sup>8</sup> Limit Monitoring is intended to supplement, and not replace, a Member's own internal systems and procedures or other tools, such as exchange pre-trade risk controls, available to the Member for managing its risks. NSCC does not require Members to take any particular actions based on the output of Limit Monitoring, and any actions Members determine to take in response to Limit Monitoring alerts are performed away from NSCC. Moreover, NSCC does not use Limit Monitoring for its own internal clearance, settlement, or risk management purposes.

The technology platform currently used by NSCC to maintain the data infrastructure for Limit Monitoring is nearing the end of its lifecycle. As a result, NSCC would need to invest significant resources to replace this platform in order to continue to offer Limit Monitoring to

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<sup>5</sup> In 2022, NSCC modified Rule 54 and Procedure XVII to make Limit Monitoring a voluntary tool for all Members and eliminate the requirement that certain specified Members register for Limit Monitoring. See Securities Exchange Act Release No. 95723 (Sept. 9, 2022), 87 FR 56724 (Sept. 15, 2022) (File No. SR-NSCC-2022-012).

<sup>6</sup> See supra note 3.

<sup>7</sup> See, e.g., Securities Exchange Act Release Nos. 88599 (Apr. 8, 2020), 85 FR 20793 (Apr. 14, 2020) (File No. SR-CboeBZX-2020-006); 88776 (Apr. 29, 2020), 85 FR 26768 (May 5, 2020) (File No. SR-NYSE-2020-17); 88904 (May 19, 2020), 85 FR 31560 (May 26, 2020) (File No. SR-NYSEArca-2020-43); 89225 (July 6, 2020), 85 FR 41650 (July 10, 2020) (File No. SR-NASDAQ-2020-034).

<sup>8</sup> See supra note 5.

Members. NSCC has conducted internal review and performed initial outreach to Members to evaluate their use of Limit Monitoring. The review and outreach indicated that a majority of Members either do not use Limit Monitoring or do not rely on it extensively to manage their risks. Members that do not use Limit Monitoring or make only limited use of it have noted that they primarily rely on other industry or in-house tools to monitor and evaluate these risks. Additionally, several Members that do currently use Limit Monitoring informed NSCC that they would be able to work around the elimination of this tool. There were no Members that raised significant concerns or objections to the decommissioning of Limit Monitoring, or that indicated they could not accommodate the elimination of the tool. Given the evolution in industry-wide risk control tools and processes since the implementation of Limit Monitoring in 2014 and the limited usage of Limit Monitoring by Members, NSCC is proposing to decommission the Limit Monitoring tool.

To implement the proposed rule change, NSCC would remove Rule 54 and Procedure XVII from the Rules. NSCC would also remove associated defined terms “LM Member-provided Data,” “LM Trade Date Data,” “LM Transaction Data,” “RP Member-provided Data,” “RP Trade Date Data,” and “RP Transaction Data” from Rule 1. Finally, NSCC would remove Section 2(i) of Rule 58 concerning the limitations on NSCC’s liability for the completeness or accuracy of LM Trade Date Data, LM Member-provided Data, LM Transaction Data, or other information or data which it receives from Members or third parties and which is utilized in DTCC Limit Monitoring, or for any errors, omissions or delays which may occur in the transmission of such data or information.

#### Implementation Timeframe

Subject to approval by the Commission, NSCC would implement the proposed rule change on November 15, 2024.

#### (b) Statutory Basis

NSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. Section 17A(b)(3)(F) of Act<sup>9</sup> requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. NSCC believes the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of Act for the reasons set forth below.

As discussed above, the technology platform currently used by NSCC to maintain the data infrastructure for Limit Monitoring is nearing the end of its lifecycle. As a result, NSCC would need to invest significant resources to replace this platform to continue offering Limit Monitoring to Members. Limit Monitoring is a voluntary tool that is intended to supplement, and not replace, a Member’s own internal systems and procedures or other tools, such as exchange pre-trade risk controls, available to the Member for managing its risks. NSCC does not require Members to take any particular action based on the output of Limit Monitoring, and

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<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

any actions Members determine to take in response to Limit Monitoring alerts are performed away from NSCC. Moreover, NSCC does not use the Limit Monitoring tool for its own internal purposes to promote or facilitate the clearance, settlement, or risk management of securities transactions.

NSCC's internal analysis and preliminary outreach to Members indicated that a majority of Members either do not use Limit Monitoring or do not rely on it extensively to manage their risks. Members that do not use Limit Monitoring or make only limited use of it noted that they primarily rely on other industry or in-house tools to monitor and evaluate these risks. Certain other Members that do currently use Limit Monitoring informed NSCC that they would be able to work around the elimination of this tool. Given the voluntary and supplemental nature of Limit Monitoring, the limited use of Limit Monitoring by Members, and the evolution and improvement of industry-wide risk control tools and processes since the implementation of Limit Monitoring in 2014, NSCC is proposing to decommission the Limit Monitoring tool.

For reasons set forth above, NSCC believes that decommissioning the Limit Monitoring tool would not impact the prompt and accurate clearance and settlement of securities transactions by NSCC or the safeguarding of securities and funds in NSCC's custody or control or for which it is responsible. NSCC's rules would therefore continue to be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to assure the safeguarding securities and funds in accordance with Section 17A(b)(3)(F) of the Act.<sup>10</sup>

#### **4. Self-Regulatory Organization's Statement on Burden on Competition**

Section 17A(b)(3)(I) of Act<sup>11</sup> requires that the rules of a clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change would impact certain Members to a greater extent than others; however, NSCC does not believe that the proposed rule change would have an impact significant enough to present a burden on competition. NSCC's internal analysis and preliminary outreach indicated that a majority of NSCC Members either do not use Limit Monitoring or do not rely on it extensively to manage their risks. Members that do not use Limit Monitoring or make only limited use of it noted that they primarily rely on other industry or in-house tools to monitor and evaluate these risks. Certain Members that do currently use Limit Monitoring informed NSCC that they would be able to work around the elimination of this tool. Those Members may need to expend resources to acquire industry tools or solutions or develop in-house tools of their own to replace their use of Limit Monitoring. However, NSCC does not believe that the impact would be significant enough to impose a burden on competition, particularly as it relates to the use of NSCC's services. Therefore, NSCC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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<sup>10</sup> Id.

<sup>11</sup> 15 U.S.C. 78q-1(b)(3)(I).

**5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

NSCC has not received or solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission’s instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission’s Division of Trading and Markets at [tradingandmarkets@sec.gov](mailto:tradingandmarkets@sec.gov) or 202-551-5777.

NSCC reserves the right not to respond to any comments received.

**6. Extension of Time Period for Commission Action**

NSCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act<sup>12</sup> for Commission action.

**7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Not applicable.

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

Not applicable.

**9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

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<sup>12</sup> 15 U.S.C. 78s(b)(2).

**10. Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing, and Settlement Supervision Act of 2010**

Not applicable.

**11. Exhibits**

Exhibit 1 – Not applicable.

Exhibit 1A – Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 – Not applicable.

Exhibit 3 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Rules.



**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_\_]; File No. SR-NSCC-2024-004)

[DATE]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change to Decommission the DTCC Limit Monitoring Risk Management Tool

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May \_\_, 2024, National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to the NSCC Rules & Procedures (“Rules”) to decommission a risk management tool called DTCC Limit Monitoring, as described in greater detail below.<sup>3</sup>

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the proposed rule change and discussed any

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Capitalized terms not defined herein shall have the meaning assigned to such terms in the Rules, available at <https://www.dtcc.com/legal/rules-and-procedures.aspx>.

comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to modify the Rules to decommission the DTCC Limit Monitoring risk management tool ("Limit Monitoring"). The proposed rule change is discussed in detail below.

(i) Background

NSCC provides its Members with a risk management tool called DTCC Limit Monitoring, which enables Members to monitor trading activity on an intraday basis of their organizations and/or their correspondent firms through the review of post-trade data.<sup>4</sup> Limit Monitoring was implemented in 2014 in connection with industry-wide efforts to develop tools and strategies to mitigate and address the risks associated with increasingly complex, interconnected, and automated market technology (such risks include, but are not limited to, trade input errors, software or trading algorithm errors, and inadequate controls for automated processes). Through Limit Monitoring, NSCC Members can establish pre-set limits for their organizations and/or their correspondent firms to monitor trading activity and review notifications that are delivered when these

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<sup>4</sup> See Securities Exchange Act Release Nos. 71637 (Feb. 28, 2014), 79 FR 12708 (Mar. 6, 2014) (File No. SR-NSCC-2013-12) and 77990 (June 3, 2016), 81 FR 37229 (June 9, 2016) (File No. SR-NSCC-2016-001).

pre-set limits are being approached and when they are reached. Limit Monitoring was intended to supplement Members' existing internal risk management processes.<sup>5</sup> Any actions Members determine to take in response to Limit Monitoring alerts are the Member's responsibility and are taken away from NSCC. Limit Monitoring is primarily discussed in Rule 54 and Procedure XVII.<sup>6</sup>

(ii) Proposed Changes to the Rules

As discussed above, Limit Monitoring was created as part of a broader industry-wide effort to develop tools and strategies to mitigate and address trading risks. Since the implementation of Limit Monitoring in 2014, U.S. equity exchanges have also implemented risk controls to mitigate risks inherent with direct exchange transaction flow (such controls include, but are not limited to, credit limits, single order limits, and kill switch functionality).<sup>7</sup> These exchange risk controls are optional risk management tools made available to exchange members to assist them in monitoring and managing their risks. In addition, broker-dealers have continued to enhance their own internal risk management systems and processes to manage their trading risks.

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<sup>5</sup> In 2022, NSCC modified Rule 54 and Procedure XVII to make Limit Monitoring a voluntary tool for all Members and eliminate the requirement that certain specified Members register for Limit Monitoring. See Securities Exchange Act Release No. 95723 (Sept. 9, 2022), 87 FR 56724 (Sept. 15, 2022) (File No. SR-NSCC-2022-012).

<sup>6</sup> See supra note 3.

<sup>7</sup> See, e.g., Securities Exchange Act Release Nos. 88599 (Apr. 8, 2020), 85 FR 20793 (Apr. 14, 2020) (File No. SR-CboeBZX-2020-006); 88776 (Apr. 29, 2020), 85 FR 26768 (May 5, 2020) (File No. SR-NYSE-2020-17); 88904 (May 19, 2020), 85 FR 31560 (May 26, 2020) (File No. SR-NYSEArca-2020-43); 89225 (July 6, 2020), 85 FR 41650 (July 10, 2020) (File No. SR-NASDAQ-2020-034).

NSCC currently makes Limit Monitoring available to all full-service Members to use on a voluntary basis.<sup>8</sup> Limit Monitoring is intended to supplement, and not replace, a Member's own internal systems and procedures or other tools, such as exchange pre-trade risk controls, available to the Member for managing its risks. NSCC does not require Members to take any particular actions based on the output of Limit Monitoring, and any actions Members determine to take in response to Limit Monitoring alerts are performed away from NSCC. Moreover, NSCC does not use Limit Monitoring for its own internal clearance, settlement, or risk management purposes.

The technology platform currently used by NSCC to maintain the data infrastructure for Limit Monitoring is nearing the end of its lifecycle. As a result, NSCC would need to invest significant resources to replace this platform in order to continue to offer Limit Monitoring to Members. NSCC has conducted internal review and performed initial outreach to Members to evaluate their use of Limit Monitoring. The review and outreach indicated that a majority of Members either do not use Limit Monitoring or do not rely on it extensively to manage their risks. Members that do not use Limit Monitoring or make only limited use of it have noted that they primarily rely on other industry or in-house tools to monitor and evaluate these risks. Additionally, several Members that do currently use Limit Monitoring informed NSCC that they would be able to work around the elimination of this tool. There were no Members that raised significant concerns or objections to the decommissioning of Limit Monitoring, or that indicated they could not accommodate the elimination of the tool. Given the evolution in industry-wide risk control tools and processes since the implementation of Limit

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<sup>8</sup> See supra note 5.

Monitoring in 2014 and the limited usage of Limit Monitoring by Members, NSCC is proposing to decommission the Limit Monitoring tool.

To implement the proposed rule change, NSCC would remove Rule 54 and Procedure XVII from the Rules. NSCC would also remove associated defined terms “LM Member-provided Data,” “LM Trade Date Data,” “LM Transaction Data,” “RP Member-provided Data,” “RP Trade Date Data,” and “RP Transaction Data” from Rule 1. Finally, NSCC would remove Section 2(i) of Rule 58 concerning the limitations on NSCC’s liability for the completeness or accuracy of LM Trade Date Data, LM Member-provided Data, LM Transaction Data, or other information or data which it receives from Members or third parties and which is utilized in DTCC Limit Monitoring, or for any errors, omissions or delays which may occur in the transmission of such data or information.

#### Implementation Timeframe

Subject to approval by the Commission, NSCC would implement the proposed rule change on November 15, 2024.

#### 2. Statutory Basis

NSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. Section 17A(b)(3)(F) of Act<sup>9</sup> requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. NSCC believes

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<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of Act for the reasons set forth below.

As discussed above, the technology platform currently used by NSCC to maintain the data infrastructure for Limit Monitoring is nearing the end of its lifecycle. As a result, NSCC would need to invest significant resources to replace this platform to continue offering Limit Monitoring to Members. Limit Monitoring is a voluntary tool that is intended to supplement, and not replace, a Member's own internal systems and procedures or other tools, such as exchange pre-trade risk controls, available to the Member for managing its risks. NSCC does not require Members to take any particular action based on the output of Limit Monitoring, and any actions Members determine to take in response to Limit Monitoring alerts are performed away from NSCC. Moreover, NSCC does not use the Limit Monitoring tool for its own internal purposes to promote or facilitate the clearance, settlement, or risk management of securities transactions.

NSCC's internal analysis and preliminary outreach to Members indicated that a majority of Members either do not use Limit Monitoring or do not rely on it extensively to manage their risks. Members that do not use Limit Monitoring or make only limited use of it noted that they primarily rely on other industry or in-house tools to monitor and evaluate these risks. Certain other Members that do currently use Limit Monitoring informed NSCC that they would be able to work around the elimination of this tool. Given the voluntary and supplemental nature of Limit Monitoring, the limited use of Limit Monitoring by Members, and the evolution and improvement of industry-wide risk control tools and processes since the implementation of Limit Monitoring in 2014, NSCC is proposing to decommission the Limit Monitoring tool.

For reasons set forth above, NSCC believes that decommissioning the Limit Monitoring tool would not impact the prompt and accurate clearance and settlement of securities transactions by NSCC or the safeguarding of securities and funds in NSCC's custody or control or for which it is responsible. NSCC's rules would therefore continue to be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to assure the safeguarding securities and funds in accordance with Section 17A(b)(3)(F) of the Act.<sup>10</sup>

(B) Clearing Agency's Statement on Burden on Competition

Section 17A(b)(3)(I) of Act<sup>11</sup> requires that the rules of a clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change would impact certain Members to a greater extent than others; however, NSCC does not believe that the proposed rule change would have an impact significant enough to present a burden on competition. NSCC's internal analysis and preliminary outreach indicated that a majority of NSCC Members either do not use Limit Monitoring or do not rely on it extensively to manage their risks. Members that do not use Limit Monitoring or make only limited use of it noted that they primarily rely on other industry or in-house tools to monitor and evaluate these risks. Certain Members that do currently use Limit Monitoring informed NSCC that they would be able to work around the elimination of this tool. Those Members may need to expend resources to acquire industry tools or solutions or develop in-house tools of their own to replace their use of Limit Monitoring. However, NSCC does not believe that the impact

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<sup>10</sup> Id.

<sup>11</sup> 15 U.S.C. 78q-1(b)(3)(I).

would be significant enough to impose a burden on competition, particularly as it relates to the use of NSCC's services. Therefore, NSCC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

NSCC has not received or solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at [tradingandmarkets@sec.gov](mailto:tradingandmarkets@sec.gov) or 202-551-5777.

NSCC reserves the right not to respond to any comments received.

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds



such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change

should be disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NSCC-2024-004 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-NSCC-2024-004. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed

with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of NSCC and on DTCC's website ([dtcc.com/legal/sec-rule-filings](http://dtcc.com/legal/sec-rule-filings)). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-NSCC-2024-004 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

Secretary

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<sup>12</sup> 17 CFR 200.30-3(a)(12).

**Bold and underlined text** indicates proposed added language.

**~~Bold and strikethrough text~~** indicates proposed deleted language.

**NATIONAL SECURITIES CLEARING CORPORATION  
RULES & PROCEDURES**

NATIONAL SECURITIES CLEARING CORPORATION RULES

RULE 1. DEFINITIONS AND DESCRIPTIONS

\* \* \*

[Changes to this Rule, as amended by File No. SR-NSCC-2024-004, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. On November 15, 2024, these changes will be implemented and this legend will automatically be removed from this Rule.]

\* \* \*

~~*LM Member-provided Data*~~

~~The term “LM Member-provided Data” has the meaning specified in Rule 54.~~

~~*LM Trade Date Data*~~

~~The term “LM Trade Date Data” has the meaning specified in Rule 54.~~

~~*LM Transaction Data*~~

~~The term “LM Transaction Data” has the meaning specified in Rule 54.~~

\* \* \*

~~*RP Member-provided Data*~~

~~The term “RP Member-provided Data” has the meaning specified in Rule 54.~~

~~*RP Trade Date Data*~~

~~The term “RP Trade Date Data” has the meaning specified in Rule 54.~~

~~*RP Transaction Data*~~

~~The term “RP Transaction Data” has the meaning specified in Rule 54.~~

\* \* \*

**RULE 54. DTCC LIMIT MONITORING RISK MANAGEMENT TOOL (RULE NUMBER RESERVED FOR FUTURE USE)**

**[Changes to this Rule, as amended by File No. SR-NSCC-2024-004, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. On November 15, 2024, these changes will be implemented and this legend will automatically be removed from this Rule.]**

**SEC. 1. General**

~~NSCC may provide its Members with a risk management tool called DTCC Limit Monitoring that will enable Members to monitor trading activity on an intraday basis of their organizations and/or their correspondent firms through review of post-trade data. DTCC Limit Monitoring will be available to all Members.~~

~~DTCC Limit Monitoring will provide Members with: (i) post-trade data relating to unsettled equity and debt securities trades for a given day that have been compared or recorded through the Corporation's trade capture mechanisms on that day ("LM Trade Date Data"), and (ii) other information as provided in this Rule and the DTCC Limit Monitoring Procedure. The trade capture mechanisms utilized in the production of LM Trade Date Data shall be as determined by the Corporation from time to time.~~

~~A Member is able to access LM Trade Date Data and other information through DTCC Limit Monitoring only with respect to its own account(s) at the Corporation. Through the utilization of filtering criteria known as "Risk Entities", a Member can define activity it seeks to monitor through the risk management tool, including that of its correspondents, or other entities or groups for which LM Trade Date Data is processed through the Members' account, including relating to subgroups within its own business.<sup>4</sup>~~

~~Members using the tool will have the ability to input or load start of day and/or intra-day position data representing open activity from prior days into DTCC Limit Monitoring on their own ("LM Member-provided Data") (LM Trade Date Data and LM Member-provided Data shall collectively be referred to as "LM Transaction Data"). Through its definition of Risk Entities, and as otherwise provided in the Procedures, a Member may create rules for the aggregation of LM Transaction Data, set parameters for the monitoring of each Risk Entities' activity in relation to LM Transaction Data, and receive alerts for the display of parameter brakes relating to the LM Transaction Data. These functions, and the responsibilities of the Corporation and Members with respect to DTCC Limit~~

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<sup>4</sup>—~~The Corporation does not distinguish a Member's overall activity from that of the Member's customers or other groups. Therefore, a Member's ability to receive LM Trade Date Data organized by Risk Entity is entirely dependent upon the Member's provision of defining criteria in accordance with this Rule and the DTCC Limit Monitoring Procedure.~~

~~Monitoring are further described in the DTCC Limit Monitoring Procedure (Procedure XVII).~~

~~SEC. 2. No Impact on Trade Guaranty and Other Provisions~~

~~Neither reports nor data supplied to Members through DTCC Limit Monitoring, nor the timing of their distribution, will impact the timing, status, or effectiveness of a trade guaranty, or lack thereof, of any transaction in CNS Securities or Balance Order Securities. Furthermore, the provision of information or data to Members, or lack thereof, through DTCC Limit Monitoring will not be deemed to indicate or have any bearing on the status of any transaction, including, but not limited to, as compared, locked-in, validated, guaranteed, or not guaranteed. Any Member that registers for DTCC Limit Monitoring shall indemnify the Corporation, and any of its employees, officers, directors, shareholders, agents, and participants who may sustain any loss, liability, or expense as a result of any act or omission by the Member made in reliance upon data or information furnished through DTCC Limit Monitoring to the Member (whether derived from LM Trade Date Data, LM Member-provided Data, or LM Transaction Data).~~

~~\* \* \*~~

RULE 58. LIMITATIONS ON LIABILITY

[Changes to this Rule, as amended by File No. SR-NSCC-2024-004, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. On November 15, 2024, these changes will be implemented and this legend will automatically be removed from this Rule.]

\* \* \*

SEC. 2. Notwithstanding any other provision in the Rules:

\* \* \*

~~(i) — The Corporation will not be responsible for the completeness or accuracy of LM Trade Date Data, LM Member-provided Data, LM Transaction Data, or other information or data which it receives from Members or third parties and which is utilized in DTCC Limit Monitoring, nor for any errors, omissions or delays which may occur in the transmission of such data or information.~~

(ji) The Corporation will not be responsible for the completeness or accuracy of the transaction data received from the Approved SFT Submitters, nor shall the Corporation, absent gross negligence on the Corporation's part, be responsible for any errors, omissions or delays that may occur in the transmission of transaction data from any Approved SFT Submitter.

\* \* \*

**PROCEDURE XVII. ~~DTCC LIMIT MONITORING PROCEDURE (PROCEDURE NUMBER RESERVED FOR FUTURE USE)~~**

**[Changes to this Procedure, as amended by File No. SR-NSCC-2024-004, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. On November 15, 2024, these changes will be implemented and this legend will automatically be removed from this Procedure.]**

**A. ~~Introduction~~**

~~DTCC Limit Monitoring is a risk management tool available to Members as provided in Rule 54 and this Procedure.~~

~~Members registered for DTCC Limit Monitoring may create Risk Entities (as defined in Rule 54 and more fully described below) and other parameters that: (1) define the rules for the aggregation of trade data, (2) set parameters for the monitoring of each Risk Entities' activity in relation to such data, and (3) trigger alerts to Members of parameter breaks.~~

**B. ~~DTCC Limit Monitoring Processing~~**

**~~1. Data Capture and Member Input~~**

**~~a. Data Capture~~**

~~On each trade date, the Corporation may, within timeframes it may establish from time to time, populate DTCC Limit Monitoring with LM Trade Date Data which has been compared or recorded through trade capture mechanisms as it determines from time to time.<sup>2</sup>~~

**~~b. Member Input~~**

~~Members may, in their sole discretion, input or load LM Member-provided Data to DTCC Limit Monitoring. Such data shall be submitted by Members within such timeframes as determined by the Corporation from time to time and in format(s) deemed acceptable by the Corporation.~~

**~~2. Establishing Risk Entities~~**

~~Within timeframes as permitted by the Corporation from time to time, Members that are registered for DTCC Limit Monitoring may establish Risk Entities. Members shall define Risk Entities utilizing strings of data elements~~

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<sup>2</sup>~~Such mechanisms include all new settling trades including trades compared and/or recorded by the Real-Time Trade Matching service and the Universal Trade Capture system. Transaction details submitted to the Obligation Warehouse are not forwarded to DTCC Limit Monitoring.~~

~~(referred to as “trade arrays”) according to categories established for this purpose by the Corporation from time to time. Members may utilize multiple trade arrays in the definition of a single Risk Entity. Examples of data elements that a Member may select to be included in a trade array are clearing broker account number (i.e., the Member’s own main account or subaccount number(s)), executing broker symbol, market, and other identifying details as the Corporation may permit.~~

### ~~3. Processing~~

~~LM Transaction Data for each Member shall be aggregated and sorted by the Corporation by Risk Entity and made available to that Member at the Member’s own convenience. Intraday allocations in the settlement system are not taken into consideration as they are not effective until the Effective Time (as defined in Rule 12). LM Transaction Data may include values on a net notional basis, and as calculated on other bases as determined by the Corporation from time to time. LM Trade Date Data shall be carried at contract amount unless the Corporation otherwise has added a pricing methodology for the relevant security, and LM Member-provided Data shall include pricing as provided by the applicable Member.~~

### ~~4. Parameter Breach Warnings~~

~~Members registered for DTCC Limit Monitoring may designate parameters to associate with each Risk Entity from certain parameter types that are established or permitted by the Corporation from time to time. DTCC Limit Monitoring then sets “early warning” limits at 75% and 90% of the parameters set by Members for each Risk Entity.~~

~~Members may review reports and alerts on an on-going basis and, as necessary, modify established parameters to reflect current trading activities within each of their Risk Entities. While Members are ultimately responsible for ensuring that the parameters set on trading activity are appropriate, NSCC staff may, in its sole discretion, review trade activity reports and alerts, and may contact Members to discuss any concerns if, for example, the parameters set are not aligned with recent average trading activity.~~

~~The Corporation maintains totals of the relevant information which it compares to the designated parameters. The identification of an early warning or parameter breach triggers an alert by the Corporation to the Member. An alert shall be issued within such timeframe as the Corporation deems reasonable and necessary for it to process, validate, and report the relevant data or information.~~

### ~~5. End of Day and Monthly Reporting~~

~~The Corporation may provide Members end of day and monthly reports, which include Members’ current Risk Entity definitions, alert history, and other~~



~~data or information as the Corporation determines to make available from time to time.~~

~~6. — Contacts for DTCC Limit Monitoring~~

~~Members may identify primary and secondary contacts within their firm for DTCC Limit Monitoring.~~

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